



# Arizona State Retirement System

3300 North Central Avenue, Phoenix, AZ 85012

[WWW.AZASRS.GOV](http://WWW.AZASRS.GOV)

## **Special Notice** **Permanent Benefit Increase 2007**

### **Information:**

#### **Member Services Advisory Center**

Phoenix (602) 240-2000

Tucson (520) 239-3100

Toll-free (800) 621-3778

Prior to the start of each fiscal year, July 1, the Arizona State Retirement System announces whether a permanent benefit increase (PBI) will be distributed to retirees receiving a monthly benefit check. Funds for a PBI are generated by excess earnings on the actuarial value of assets of the ASRS fund. Although the PBI helps mitigate inflation, it is not tied to the federal Cost of Living Index, but is rather defined in statute to be determined based upon the average excess returns.

At the end of the most recent 10-year period used to determine the availability of excess earnings, there were no excess earnings and, therefore, no PBI is available for fiscal year 2007-08.

Also defined in statute is the method for distributing what's known as an Enhanced PBI. This occurs when there are additional earnings on the PBI fund. Because there are no funds in the PBI pool, there are no additional earnings, and, therefore, no Enhanced PBI fund exists for distribution this year.

Retirees of the Defined Benefit Plan who have received a PBI and EPBI in previous years will continue to receive them in their benefit check; there will simply not be a further increase for the new fiscal year, which begins July 1, 2007. Once applied, a PBI or EPBI can not be taken away. Retirees will not see any decrease in the monthly benefit check they are currently receiving.

Future Permanent Benefit Increases may be granted in future years should sustained annual excess earnings be identified.

For additional information on the Permanent Benefit Increase, please see the Fact Sheet "Q & A on the PBI" on the ASRS website.